

**ICGN**International Corporate Governance Network
Inspiring good governance & stewardship

Roy Leung Sze Kit
President
Hong Kong Institute of Certified Public Accountants
37/F Wu Chung House
213 Queen's Road East
Hong Kong

16 October 2024

Dear President Leung Sze Kit,

Subject: Exposure Drafts of Hong Kong Financial Reporting Standards

The International Corporate Governance Network (ICGN) appreciates the opportunity to comment on the Hong Kong Institute of Certified Public Accountants (HKICPA) *Exposure Drafts of Hong Kong Financial Reporting Standards S1 and S2* ("HKFRS"). Led by investors responsible for assets under management of \$77 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries.

We welcome the HKICPA's efforts to fully align the HKFRS with the International Sustainability Standards Board's (ISSB) Standards. ICGN supports the ISSB's mission to develop a global baseline of sustainability-related corporate disclosures.¹ Investors have been calling for comparable, reliable, and verifiable corporate sustainability disclosures, grounded in financial materiality, to make informed investment and stewardship decisions, and for their own reporting to beneficiaries. Global adoption of the ISSB Standards is key to achieve this.

We believe the adoption of the ISSB standards will contribute to greater transparency on companies' exposure to and management of sustainability risks and opportunities. This is an important step for efficient capital markets and sustainable economies. In May 2024, ICGN, alongside 121 investors, companies, industry associations and stock exchanges signed on to a call for commitment from relevant authorities across jurisdictions to adopt the ISSB standards.² So far, jurisdictions representing over half the global economy by GDP announced steps to adopt or use the ISSB Standards.³

Investors need to be able to draw comparisons - across companies, markets, sectors and over time - for their analyses. To ensure comparability of information, we encourage the HKICPA to adopt the ISSB Standards without substantial modifications, to the greatest extent possible.

Thank you again for the opportunity to share our perspective. We would be delighted to discuss this further you, should you be interested in a meeting.

Yours faithfully,

Jen Sisson
Chief Executive Officer, ICGN

¹ ICGN Letter "[Inaugural global sustainability disclosure standards, International Sustainability Standards Board \(ISSB\)](#)" (26 June 2023)

² PRI, London Stock Exchange Group, UN Sustainable Stock Exchanges initiative, World Business Council for Sustainable Development, "[Call to Action: ISSB Global Adoption](#)" (22 May 2024)

³ IFRS Foundation, "[Jurisdictions representing over half the global economy by GDP take steps towards ISSB Standards](#)" (28 May 2024)